

## **FACTORS INFLUENCING ACCOUNTING STUDENTS' UNDERSTANDING THE ENGLISH TERMINOLOGY IN ACCOUNTING REPORTS**

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### ***ABSTRACT***

*This qualitative study with a case study research scheme is aimed to find out the factors influencing accounting students' understanding of the English terminology in accounting reports (balance sheet, income statement and cash flow statement). The sample is the first semester students of the Accounting Department of Faculty Economics and Business, Universitas Wijaya Kusuma Surabaya academic year 2020-2021. The understanding of English terminology in accounting reports can help the students in preparing themselves for Free Trade in a disruptive era. The analysis of this study is using qualitative descriptive analysis. The results of the study are the description of the factors influencing accounting students' understanding of the English terminology in accounting reports as for the first semester students this specific terminology may cause confusion which leads to misunderstanding.*

**Keywords:** *English terminology, students' understanding, accounting reports*

### **I. INTRODUCTION**

The use of English terminology in accounting reports can lead to misunderstanding for the fresh students who begin to learn about accounting. Although the accounting students learn the practices of accounting reports mostly in Indonesian, they should be introduced to the English terminology used in accounting reports such as balance sheets, income statements and cash flow statements to prepare them to face the free trade era. By knowing and mastering the English terminology, it will reduce their misunderstanding in interpreting the reports. The use of technical terms to communicate accounting information can lead to misunderstandings when the meaning of such terms is not fully appreciated by the recipient of the information. The discipline of translation studies suggests that full equivalence in translation between languages is rare. This

suggests that the risk of misunderstanding is exacerbated when technical terms are translated into another language (Evans, 2004). Meanwhile, the approach to make the accounting students understand the term is through translation.

English is the language of business as it represents phenomena in the business world that shape the perception and thoughts of those who have assimilated the accounting discipline and its grammatical structure creates the perceptions of listeners to support the hypothesis that accounting methods affect decision making (Belkaoui, 1978). The accounting reports provide some explicit and implicit important information that helps people decide what to do dealing with economic activity. Perfect information refers to a state of complete knowledge about the actions of economic players and the economic decision will be updated instantaneously as new information appears (Chan, 2009).

Accounting is internationally applied and therefore it requires accounting harmonization and convergence, and the efficient functioning of international capital markets, require translation of accounting terminology (Evans, Baskerville, & Nara, 2015). So far, all the economic terminology uses English or in other words, English is the *lingua franca* in the economy including accounting (Fuertes Olivera & Nielsen, 2011) and as it becomes international, the accounting students need to master English to better understand the accounting report.

The accounting students meet some obstacles in understanding the English terminology in accounting material such as the English words accounting reports. The obstacles appear because so far the students are stuck in the middle ground of being conversational in English, but lacking in the breadth of English needed for content area success (Ogle & Kovtun, 2010). The students need to be more comfortable in their classroom content subjects activities which means they need to learn English that embodies materials specific to their field of study (Nsengiyumva, 2018). These accounting students are not familiar with the English words used in the accounting report although some of them are from the vocational school majoring in accounting they only learn the accounting report in the Indonesian version. That is the way it is very difficult for them to learn about the international/English version.

When accounting facing difficulty dealing with the English terminology in accounting reports, one of the ways they usually chose to solve the problem is through simple translating. The translation is very important to a process of globalization, its inherent difficulties mean that 'the equivalent interpretation and application of (foreign) concepts will

always remain problematic' (Ho, 2004). The translation is considered easy and simple by the students but this is not true because some things are embedded in translation such as the culture and politics (Evans et al., 2015) which is not realized by the students. They do not understand why translating can be very problematic relating to cultural issues as cultural differences may cause accountants from various countries to make different use of the same accounting standards, which may result in an adverse impact on the intercultural comparability of financial statements; especially as the idea of harmonization – assuming that everyone understands everything in the same way (Gierusz, Koleśnik, & Silska-Gembka, 2014). Dealing with translation, the accounting students' limited language proficiency also influence their understanding and the quality of translating the accounting reports. Furthermore, the English terminology in accounting is very dynamic (Fuertes Olivera & Nielsen, 2011). The accounting terminology has undergone massive changes in the past two decades. This has led to the partial or complete discarding of old frameworks for financial reporting and the adoption of new ones to take their place. As a consequence, new terms have been introduced, old terms have been adapted to the new reality, or are now obsolete. Some theories state that standardization in English terminology is needed as interpreting identical accounting standards by accountants from various countries becomes crucial (Gierusz et al., 2014) to make the learners understands easily.

This study was conducted at Accounting Department, Faculty of Economics and Business, Universitas Wijaya Kusuma Surabaya and the sample of this study is 50 students who are in the first

semester. These students are having English for Accounting subject in the first semester. The study is done to find out:

1. What are the factors influencing accounting students' understanding of the English terminology in accounting reports (to find out the factors influencing accounting students' understanding of the English terminology in accounting reports (balance sheet, income statement and cash flow statement).
2. How do the first semester accounting students dealing with difficulties understanding the English terminology?

## II. REVIEW OF RELATED LITERATURE

### *The Students' Limited English Proficiency*

In understanding the English terminology in accounting reports, the student's background knowledge of accounting is very important as it helps them to understand them to find the equivalent words in their local language, however, it is also connected to their English proficiency. They will not find specific difficulties if their English competence is good, but mostly the students' English proficiency in the sample is quite limited. Limited English proficiency is defined as a limited ability to listen, speak, read, and write in English (Hong, 2001). This limited language proficiency happened because during their high school they only got English subjects, they never studied Economics in Bahasa Indonesia, therefore they have difficulties in understanding the English terminology in accounting reports because they are not familiar with these.

### *The Students' Motivation in Learning Foreign Language*

Learning a foreign language is much affected by the motivation of the students as with good motivation they can get the best result when learning something. Language learning cannot be separated from the socioeconomic aspect of the students because it influences students' motivation towards their learning in second or foreign language contexts (Yulia, 2013). Learning English to support the students understanding of their major subject (accounting) is a huge advantage because nowadays the free trade era requires high skill of communication and English as an international language must be mastered by accounting students. The motivation in a second language context can be in the form of effort, desire to achieve the goal of language learning and a favourable attitude towards language learning (Gardner, 1985).

### *The Translation in Accounting Problem*

One of the strategies in learning a foreign language is to translate it into the local language. In understanding the English terminology in accounting reports, the students are also doing the same thing, translation. The translation is a vital part to develop a single set of high-quality global accounting standards for use around the world (Baskerville & Evans, 2011), however, translating does not always become the answer to the problem as the use of technical terms to communicate accounting information can lead to misunderstandings when the meaning of such terms is not fully appreciated by the recipient of the information (Evans, 2004). The translation has a risk of misunderstanding when technical terms are translated into another language. The students, as the translators, need to distinguish the meaning of a term in a specialist register from its meaning in the

everyday register, however, lack of exact equivalents leads to the translation disharmony because the translator's use of a term that already exists in the target language has different meaning from what is intended (Nobes & Stadler, 2018).

#### *The Standardization in Accounting Terminology*

In answering the problem of understanding English terminology in accounting reports, there is an idea that standardization is needed. English terminology used in accounting reports confuses the fresh students to understand it and to reduce the misunderstanding of the English terminology, standardization is needed in making the accounting report (Rachmawati & Waharini, 2020) so that the accounting students can understand the terminology easily.

Setting the standard for the accounting terminology is not an easy job to do as it still becomes an issue in the world of accounting how to reach better standardization. However, the standards cannot be applied consistently around the world if the translations are not equivalent to the original English versions (Baskerville & Evans, 2011).

#### *The Dynamic of Accounting Terminology*

Accounting is a field that has undergone massive changes and this has led to the partial or complete discarding of old frameworks for financial reporting and the adoption of new ones to take their place (Fuertes Olivera & Nielsen, 2011). These changes also cover the terminology used in accounting and of course, this is quite confusing for the new students to understand.

One way to keep track of the development in accounting is to develop lexicographical

tools that help not only experts but also semi-experts and interested laypersons who need the knowledge to solve problems. The use of internet dictionaries is also suggested as they have the potential of being updated on an ongoing basis and presenting the data users need in various types of situations, e.g., providing help to understand, produce and translate accounting texts (Fuertes Olivera & Nielsen, 2011). Good internet dictionaries of accounting require careful consideration of some fundamental elements, both theoretical and practical.

#### *The Culture Factor in Influencing the Interpretation*

Language, as an important tool and channel, plays a significant role in cultural heritage. In the process of exploring the influence of informal institutions on economic activities, language has made a great contribution to institutional analysis. In addition, language can be regarded as a kind of basic social institution, since all institutions created by human beings are recorded through language (Li, Xiao, He, & Wang, 2019). The adoption of a uniform set of accounting standards worldwide is not practical because it is connected to linguistic, cultural and constitutional differences (Zongyan & Qin, 2018). Functional equivalence translation is suggested to the internationalization of accounting standards as it translates the terminology in the context of culture and translation strategy (Nida, 1964)

#### **Previous Studies**

1. Supporting English-Language Learners and Struggling Readers in Content Literacy With the "Partner Reading and Content, Too" Routine by Donna Ogle, Amy Correa-Kovtun in 2010.

2. Language, Translation and the Problem of International Accounting Communication by Lisa Evans in 2004.
3. Colliding Worlds: Issues Relating to Language Translation in Accounting and Some Lessons from Other Disciplines by Lisa Evans, Rachel Baskerville and Katariina Nara in 2015.
4. The Dynamics of Terms in Accounting: What the Construction of the Accounting Dictionaries Reveals about Metaphorical Terms in Culture-Bound Subject Fields by Pedro A. Fuertes-Olivera and Sandro Nielsen in 2011.

### III. RESEARCH METHODOLOGY

#### *Method*

The analysis of this study is using qualitative descriptive analysis because the goal of descriptive research is to describe a phenomenon and its characteristics which give more concern with what rather than how or why something has happened and it involves observation and survey tools to gather data (Nassaji, 2015) and this qualitative descriptive research is suitable and widely used for language teaching or education research.

#### *Participants of the Study*

The sample of the study is 50 students of the first semester of Accounting Department of Faculty Economics and Business, Universitas Wijaya Kusuma Surabaya academic year 2020-2021.

#### *Research Instrument*

The research instrument used in this study is two questionnaires and interviews. The first questionnaire is about the personal background of the students such as how long have they studied English, when they started learning English and so on. The second questionnaire consists of some

questions related to factors that influence their difficulties in understanding English terminology in accounting reports. The researcher also uses interviews besides questionnaires to find out detailed information about the problem.

#### *Data Collecting Procedure*

The two questionnaires which were made in Bahasa Indonesia were given to the students. The data collection took seven days to complete. The researcher was also interviewed to gain more detailed information for the qualitative data.

### IV. DISCUSSION AND RESULT

#### *Factors Influencing Accounting Students' Understanding the English Terminology in Accounting Reports*

In understanding the English terminology in accounting reports, there were some major factors found in the study with the sample 50 first semester students of the Accounting Department, Faculty of Economics and Business, Universitas Wijaya Kusuma Surabaya. The first factor is the limited English proficiency of the students which affects most of their understanding of the English terminology. About 53% of students of the total sample stated that they are not familiar with the English words used in the accounting reports due to their limitation of English proficiency. English proficiency is related to subject (accounting) performance as the linguistic feature can help the students' better understanding about the accounting competence (Septiari & Sari, 2020). It also happens on vice versa, the study found that the level of accounting performance of students can be significantly affected if they have poor English performance (Wong & Chia, 1996) and if the English proficiency of students is quite low, it affects the

students' understanding of English terminology in accounting reports. Furthermore, some specific vocabulary related to accounting may have different meanings in general English.

The second factor in understanding English terminology in accounting reports is the learning motivation of the accounting students in learning English for Accounting. 23% students of the total sample stated that learning the English terminology will not give many benefits to their learning because they think in the real job as the accounting, the Indonesian version of accounting reports is used, therefore, they do not think that learning the English or international version is important. The socioeconomic aspect of the students influences students' motivation towards their learning in second or foreign language contexts (Yulia, 2013). If the English version of accounting reports are used or if the students work in an international company, then perhaps their motivation in learning the foreign language/English to understand English terminology will also increase.

The third factor is the limitation of sources of information the students can get dealing with English terminology. There were 15% of students stated they do not know how to consult the difficult English terminology they find in the accounting report. They usually look for the meaning of the words in the general dictionary, which sometimes, will refer the words to a different meaning than it supposedly means in accounting. If they should consult the meaning of the words, they should look for it in the English Accounting Dictionary. Some of the students also stated that they simply look for the words on the internet such as google, yahoo or other search engines, however, sometimes the result they found still confuses them as most are in

English. It also needs to be considered that the accounting terminology changes dynamically (Fuertes Olivera & Nielsen, 2011). The use of internet dictionaries is also suggested as they have the potential of being updated on an ongoing basis and presenting the data users need in various types of situations, e.g., providing help to understand, produce and translate accounting texts (Fuertes Olivera & Nielsen, 2011). Good internet dictionaries of accounting require careful consideration of some fundamental elements, both theoretical and practical.

#### *Dealing with Difficult English Terminology Using Translation*

So far translation is the best alternative way used by the students when dealing with difficult English terminology. The translation is a vital part to develop a single set of high-quality global accounting standards for use around the world (Baskerville & Evans, 2011), however, translating does not always become the answer to the problem as the use of technical terms to communicate accounting information can lead to misunderstandings when the meaning of such terms is not fully appreciated by the recipient of the information (Evans, 2004). Students usually tend to translate the difficult English word in their local language, while doing the translation is not as simple as that. The students tend to translate the English words to the words they know, while in accounting or other disciplines, it has specific words or vocabulary which represent special 'registers' of the language and sometimes they have a different meaning from the general words (Baskerville & Evans, 2011). It is also related to the culture of the target language and also the language being translated. The adoption of a uniform set of

accounting standards worldwide is not practical because it is connected to linguistic, cultural and constitutional differences (Zongyan & Qin, 2018). Cultural differences may cause accountants from various countries to make different use of the same accounting standards, which may result in an adverse impact on the intercultural comparability of financial statements; especially as the idea of harmonization; the translator assumes that everyone understands everything in the same way and ignores this crucial problem (Gierusz et al., 2014). Another strategy used in finding the equivalent words which are usually used in accounting report locally, however, this functional equivalence translation is suggested to the internationalization of accounting standard as it translate the terminology in the context of culture and translation strategy (Nida, 1964).

Translating the English terminology in accounting reports which requires the cultural adaptation of each country has risen the need for standardization of the language used in accounting reports as it can reduce the misunderstanding of the English terminology so that the accounting students can understand the terminology easily (Rachmawati & Waharini, 2020). However, some theories stated that standardization does not guarantee that the standardization of solutions is established in various countries, especially in a situation when they leave freedom of action to accountants (Schultz & Lopez, 2001).

### Conclusion

In understanding the English terminology used in accounting reports, several factors influence the accounting students in comprehending that terminology. They are the accounting

students' limited English proficiency, the accounting students' motivation in learning the foreign language/English to support their understanding of English terminology and the last is the limitation of the source of information about the English terminology in accounting reports that they do not understand. Usually, the students consult the difficult word in the dictionary or simply translate the words into the target language, but sometimes when they look for the words in the dictionary, the meaning is not suitable or far from the economic or accounting context. This is because accounting has specific words or vocabulary which represent special 'registers' of the language and sometimes they have a different meaning from the general words (Baskerville & Evans, 2011). Standardization cannot fully answer this problem because it does not guarantee the solutions established in various countries, especially in a situation when they leave freedom of action to accountants (Schultz & Lopez, 2001). The best alternative so far is translating that English terminology into the local language using culture, context and translation strategy to achieve the harmonization of the words translated into the local language.

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